

**MANAGED HEALTH CARE IMPROVEMENT TASK FORCE  
JUNE 20, 1997 PUBLIC HEARING - NOTES**

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Friday, June 20, 1997  
2:00 PM  
2550 Mariposa Mall  
Fresno, California

## **I. CALL TO ORDER & INTRODUCTION**

The third public hearing of the Managed Health Care Improvement Task Force, [Task Force] was called to order by Chairman, Dr. Alain Enthoven.

Dr. Enthoven presented Ms. Alice Singh, Task Force Deputy Director for Legislation & Operations, to the public to greet and announce the purpose of the meeting.

**Alice M. Singh** Ms. Singh discussed the charges brought upon the Task Force pursuant to AB 2343 [Chapter 815, statutes of 1996]. According to Ms. Singh, the Task force has been assigned the duty of reviewing and reporting on several aspects of managed care including, but not limited to the status quo of the health care service plans in California, it's regulation, structure, operation, it's trends & changes and how these changes have affected the health care economy. Ms. Singh added that the Task Force will formulate and present its recommendations regarding the regulation of managed care in a published report due by January 1, 1998.

Dr. Enthoven thanked the public for coming and reminded them that the purpose for a public hearing, as such, is to listen to their ideas in order to be understand better how the present system of managed care is working and how it might be modified to be satisfactory to all...health care providers & consumers. He reminded them that the Medi-Cal program is not a part of the Task Force charter or purpose. Dr. Enthoven discussed the organization by which the hearing is to be run and introduced the first presenter.

## **II. PUBLIC TESTIMONY & COMMENT**

1. **Mr. Ray Ensher (Health Care for all CA & consumer)** Mr. Ensher presented to the Task Force the words of Congressman Radanovich of California's 19<sup>th</sup> Congressional District on March 21, 1995. (Randanovich's words called for effective health care reform, including insurance portability, medical savings accounts, and malpractice reform.) Mr. Ensher brought to the attention of the Task Force, however, that many of the goals of Randanovich to provide reform have not been met today. He notified the Task Force that we, as a society, must hold the medical providers accountable. He elaborated on several scenarios of abuse in the managed care system including the overpricing of a bottle of Tylenol in a hospital back in 1987. Mr. Ensher's basic complaint was that most health care providers today overtreat their patients at too high a cost.

**2. Jim & Anna Eules (Patients at Kaiser Permanente)**Mr. Eules testified before the Task Force regarding the exceptional care he received from Kaiser Permanente. Mr. Eules told his story of being a five year survivor of a heart transplant performed while under the care of Kaiser. Despite his constant need for care, Kaiser has been and continues to be phenomenal every step of the way. His wife reaffirmed his statements.

**3. Dr. John Zweifler (California Physicians Alliance)**Dr. Zweifler addressed some of the issues related to managed care and the impact it has on providers. He blamed the managed care system as placing providers in an adversarial position with their patients, colleagues, and health care plans. (Testimonial stories were cited). Dr. Zweifler recommended streamlining the referral process; increasing consumer education about covered benefits and plan procedures; monitoring plans' medical loss ratio; and increasing managed care plans' liability for poor patient outcomes. He also urged the Task Force to consider the impacts of managed care on underserved populations and medical education.

**4. Don Albright (Consumer of Health Services; Member of Local Health Care Coalition)** Mr. Albright commented on his present medical coverage as supplied by Medicare and PERS care in saying that without it, he would have had to pay hundred of thousands of dollars. He noted that some of the same arguments used to defeat single payer initiatives are now being raised against HMOs (destruction of physician-patient trust, high administrative costs, decreased quality of care). He complimented the Task Force and called for a continuous comprehensive study until one of the best possible health care situations exists in the state of California.

**5. Jeff Reed (Fresno City Manager)**Mr. Reed's comments were presented as his own opinion, not made in his official capacity. He discussed the federal tax code's role in health care price inflation. He suggested revising the tax code to allow individuals to deduct all health care expenses, including premiums. This reform would allow prices to drive decisions that would allocate scarce resources efficiently.

**6. Dr. Barbara Lundeen (Health Educator)**Dr. Lundeen spoke on behalf of seniors. She commented that HMOs benefit by keeping people well, and as a result are offering such benefits as prevention programs, wellness systems, and alternative healing methods. She suggested that instead of individual HMOs doing piecemeal education programs, a single comprehensive program would teach more people and save money. She recommended a single-payer system with 0.1% of total spending devoted to prevention and mass education.

**7. Reverend Walt Parry (Local Health Care Coalition & Fresno Metro Ministry)** Rev. Parry described the Medi-Cal Two-Plan Model's negative impact on safety net providers in Fresno, citing a flawed enrollment process, late and low payments, and lack of accountability. He recommended that the plans be placed on hold until the county's safety net is secure. Rev. Parry also criticized plans for diverting money from patient care to profits, denying patients choice of doctors and services, and leaving patients and doctors out of decisions.

Ms. Belshe discussed with Rev. Parry the “red teams” that bring together interested provider, plan, and consumer groups to discuss Fresno’s Medi-Cal managed care issues.

**8. Bo Carter (Integrated Healthcare Association)**Mr. Carter discussed three issues his organization has investigated: managed care’s effects on graduate medical education, medical ethics, and regulatory reform. He offered to forward draft reports on these issues to the Task Force. He encouraged the Task Force to carefully distinguish between those items which need to be legislated versus those that can be incentivized. He cautioned that legislation and regulations might favor special interests over consumer interests.

**9. William S. Choate(Fresno-Madera Area Agency on Aging & California Senior Legislation)** Mr. Choate testified about physicians who resigned from managed care plans because they did not want to submit medical decisions for non-medical approval and did not like being required to limit the amount of time they spend with patients.

**10. Ezunial Burts (Chamber of Commerce, Los Angeles - President & CEO)** Mr. Burts stated that the LA Chamber of Commerce has designated the provision of health care insurance to the uninsured as one of its six priorities for 1997: “The business community recognizes that a healthy population is in the best interests of business as well as society.” He applauded managed care for its cost effectiveness and integration of quality assurance. He discussed ways in which proposed mandates would increase costs and undermine managed care’s strengths. He presented recommendations on how to improve managed care: increase education on the advantages of managed care to all participants; encourage teamwork between providers and managed care professionals; emphasize preventative health measures; control the cost of health care; promote the use of community health centers, as opposed to hospitals; and allow market competition, not legislation, to be the regulator of managed care.

**11. Dr. Klaus Hoffman(Medical Oncologist)**Dr. Hoffman stated that managed care is reducing premiums for employers by impacting on the physician-patient relationship and decreasing access to care. Physicians are forced to accept greater financial risk, which leads to conflict of interest. He cited several specific examples from his practice.

**12. Don Fleming (American Association of Retired Persons)**Mr. Fielding expressed his concern regarding the ability of plans to circumvent the “gag rule” legislation by terminating physicians without cause, as allowed under their contracts. He stated that he does not believe consumers understand the managed care process and are overwhelmed by its bureaucracy.

**13. Dr. Alex Sheriff (Family Physician)**Dr. Sheriff spoke on the issue of Medi-Cal managed care. He stated that the rules, particularly regarding plan enrollment, are confusing for both patients and providers and result in reduced access to care. Doctors have to spend more time on administrative issues and less time caring for patients. He called for greater oversight, particularly concerning adherence to contracts.

**14. John Donaldson (Local Health Care Coalition)** Mr. Donaldson called for increased regulation of HMOs due to their incentives to underserve. He agreed with a previous speaker that consumers are already overloaded with information. He also stated that the patient-physician relationship is being replaced by the patient-insurance company relationship, which he described as unworkable.

**15. Dr. Linda Hewett (Co-director, UCSF Fresno Alzheimer's Disease Center).** Hewett discussed a committee her organization established to monitor and identify problems of accessing care in managed care programs. She criticized managed care plans' aggressive recruitment of cognitively compromised elders. She asserted that the state is underwriting managed care plans, because her state-funded center discounts prices to families who choose to pay out-of-pocket after their managed care plan refuses to give them a referral. Her complaints against managed care included lack of access to a diagnosis; lack of family education and support services; unwillingness to prescribe medications; and refusal to negotiate contracts to provide state-of-the-art care.

### **III. ADJOURNMENT**

After seeing no additional speakers, Vice Chairman Clark Kerr closed the June 20, 1997 Public Hearing at 4:30pm.

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**Prepared by** F. Lottridge Neff